

Message Text

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PAGE 01 NEW DE 18448 221223Z
ACTION NEA-10

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C O N F I D E N T I A L NEW DELHI 18448

FOLG RECD AS ACTION NFO BOMBAY CALCUTTA DTD DEC 21
RPTD FOR YOUR INFO.

QUOTE.

C O N F I D E N T I A L MADRAS 2293

E.O. 11652: GDS
TAGS: PINT, IN
SUBJECT: INDIAN EXPRESS SAID TO BE BROKE

1. R. RAMAKRISHNAN, OFFICER ON SPECIAL DUTY (CHIEF
EXECUTIVE OFFICER) OF THE INDIAN EXPRESS IN MADRAS
INFORMED ME DECEMBER 20 THAT THE "GOVERNMENT'S ECONOMIC
SANCTIONS" AGAINST THE EXPRESS ARE NOW HAVING FULL EFFECT
ON THE PAPER, GOING ON TO SAY THAT THE EXPRESS IS NOW ALMOST
COMPLETELY BROKE. DESCRIBING THE PAPER'S FINANCIAL
SITUATION AS "VERY SERIOUS," RAMAKRISHNAN STATED THAT
"UNLESS HELP COMES FROM SOMEWHERE," IT COULD FOLD BY
JANUARY 15. HE PERSONALLY EXPECTS IT TO LAST UNTIL
THAT DATE, BUT HE MADE IT CLEAR THAT THE PAPER'S
PROSPECTS BEYOND THAT TIME ARE VERY, VERY DIM.

2. AS A RESULT OF THE BAN ON GOVERNMENT ADVERTISING
IN THE EXPRESS, RAMAKRISHNAN SAID, THE PAPER'S
ADVERTISING REVENUES ARE DOWN BY THIRY-ONE PER CENT.
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PAGE 02 NEW DE 18448 221223Z

CIRCULATION IN THE SOUTH FELL WHEN PRECENSORSHIP WAS
IMPOSED, BUT HAS GONE BACK UP WITHIN THE PAST FEW MONTHS
AND IS PRESENTLY ALMOST BACK TO PREVIOUS LEVELS. IN ANY
CASE, HE SAID, THE DROP IN ADVERTISING REVENUE IS
CAUSING THE PROBLEMS, EXPLAINING THAT NO PAPER COULD
CONTINUE TO EXIST WITH SUCH A DROP IN REVENUE. MR.

GOENKA HAD BEEN DETERMINED TO FIGHT BACK, BUT HIS PERSONAL FINANCIAL POSITION IS SUCH THAT HE CAN NOT RESCUE THE PAPER.

3. RAMAKRISHNAN STATED THAT THE PAPER HAD APPROACHED GRINDLAYS BANK FOR A LOAN SOME TIME BACK, AND HAD RECEIVED SOME INDICATIONS THAT THE BANK WOULD BE FORTHCOMING. HOWEVER, SOMEBODY "MUST HAVE GOTTEN TO GRINDLAYS AND EXPLAINED THAT THIS IS A POLITICAL QUESTION" SINCE GRINDLAYS APPARENTLY CHANGED ITS MIND. HE INDICATED THAT THE EXPRESS IS THINKING OF APPROACHING THE BANK OF AMERICA WHEN BOA REGIONAL VP ARTKO COMES TO MADRAS NEXT WEEK, BUT HE DID NOT SEEM OPTIMISTIC THAT BOA WILL BE RESPONSIVE.

4. RAMAKRISHNAN REVIEWED SOME OF THE HISTORY OF THE CONFRONTATION BETWEEN THE EXPRESS AND THE GOVERNMENT, INDICATING THAT GOENKA'S POLICY OF "LETTING HIS EDITORS WRITE WHAT THEY WANT" HAD CAUSED THE GROUBLE. WHAT-EVER THE CAUSE, "THEY" HAD FIRST DEMANDED THE REMOVAL OF V. K. NARASIMHAM, KULDIP NAYAR, AND AJIT BHATTACHARJEE OF THE EXPRESS, A. N. SIVARAMAN OF DINAMANI (THE EXPRESS LANGUAGE PAPER IN MADRAS), AND THE EDITOR VJMMZHXPRESS#

LANGUAGE PAPER IN BOMBAY. MR GOENKA HAD REFUSED TO GIVE IN AND THE PRESENT CONFRONTATION ENSUED. IN AN ASIDE, RAMAKRISHNAN SAID THAT KULDIP NAYAR, AFTER HIS RELEASE FROM PRISON, HAD YIELDED TO PRESSURES AND "IS NOW WRITING WHAT THEY WANT." AJIT BHATTACHARJEE HAD REFUSED TO YIELD, SAYING HE WOULD NOT WRITE ANYTHING CONFIDENTIAL

CONFIDENTIAL

PAGE 03 NEW DE 18448 221223Z

IF HE COULD NOT WRITE THE WAY HE FEELS.

5. COMMENT: RAMAKRISHNAN, ABOUT THIRTY YEARS OLD, HAS BEEN KNOWN LOCALLY AS A GOENKA PROTEGE. HE HAS BEEN WITH THE EXPRESS FOR A NUMBER OF YEARS, AND HE SAYS THAT HE PROBABLY KNOWS MORE ABOUT ITS FINANCIAL OPERATIONS IN THE SOUTH THAN ANY OTHER MAN. BY HIS OWN ADMISSION, HE IS KNOWN FOR HIS LOYALTY TO GOENKA BUT AT THE SAME TIME IS "NOT ANTI-NATIONAL" WHICH HAS ENABLED HIM TO KEEP A FOOT IN THE CONGRESS CAMP. CAUGHT BETWEEN GOENKA AND THE EXPRESS ON ONE HAND AND THE GOVERNMENT ON THE OTHER, HE STRIKES ME AS A FAIRLY TROUBLED YOUNG MAN AT THE PRESENT.

MCCASKILL UNQUOTE
SCHNEIDER

NOTE BY OC/T: #AS RECEIVED.

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